Amend **CSHB 2** (house committee report) by adding the following appropriately numbered SECTION to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. USE OF FEDERAL COVID-19 FEDERAL RELIEF MONEY FOR MEDICAID HOME AND COMMUNITY-BASED SERVICES. (a) In this section, "commission" means the Health and Human Services Commission.

(b) This section applies only to federal money provided to this state for the provision of Medicaid home and community-based services and administered by the commission under:

(1) the Families First Coronavirus Response Act (Pub. L. No. 116-127);

(2) the Coronavirus Aid, Relief, and Economic Security (CARES) Act (15 U.S.C. Section 9001 et seq.);

(3) the American Rescue Plan Act of 2021 (Pub. L. No. 117-2); or

(4) any other federal COVID-19 relief bill under which federal money is provided to the commission for the provision of Medicaid home and community-based services.

(c) Section 1(e) of this Act does not apply to federal money to which this section applies.

(d) During the state fiscal biennium ending August 31, 2023, the commission may use federal money to which this section applies only on Medicaid initiatives that:

(1) directly increase:

(A) access to care, including the provision of direct services; and

(B) rates paid to direct service providers and for direct service supplies and equipment;

(2) increase Medicaid waiver program and emergency diversion slots and decrease the number of individuals on Medicaid waiver program interest lists;

(3) fund the implementation of provisions of state law governing Medicaid;

(4) explore opportunities for this state to obtain additional federal money under the Advancing Care for Exceptional (ACE) Kids Act of 2019 enacted as part of the Medicaid Services

Investment and Accountability Act of 2019 (Pub. L. No. 116-16); and

(5) enable this state to achieve full compliance with federal law governing Medicaid home and community-based services, including rules on home and community-based services settings.

(e) The commission shall ensure that:

(1) money identified under Subsection (d) of this section for provider rate increases is used to directly reimburse direct service providers or to provide direct reimbursement for direct service supplies and equipment; and

(2) Medicaid managed care organizations reimburse direct service providers or provide reimbursement for direct service supplies and equipment in an amount equal to the difference between this state's Medicaid fee-for-service rate and the federal medical assistance percentage (FMAP) rate increase for direct service providers and direct service supplies and equipment.

(f) The commission may not use federal money to which this section applies:

(1) for a purpose that is directly or indirectly related to payroll, contract administration, or administrative services provided by a Medicaid managed care organization; or

(2) to replace other money available to this state for Medicaid.

(g) The commission may not use money described by Subsection (e)(1) of this section for a purpose that is directly or indirectly related to payroll, bonuses, administrative services, or costs unallowable under state or federal law or under the uniform managed care contract.

(h) The commission may use money to which this section applies only to supplement, rather than supplant, money available to this state for Medicaid in a manner that complies with the provisions of this section.